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AUTHOR Allen, Thomas W.; Hughes, K. Scott
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ABSTRACT

The results of a 1982 survey of California school districts concerning their efforts at private fundraising are presented here. It was found that 123 (or 61 percent) of responding districts either have programs or are planning programs. Although six districts raised more than $100,000 in 1981-82, the majority raised less that $20,000. Of the 66 school districts that reported financial results, 40 have set up foundations to handle the task. Districts with foundations were significantly more successful in fundraising. Districts suggested several "keys to success" in fundraising: an independently governed foundation, requests for general support and specific program support (such as an "adopt-a-program" approach), encouragement of nonmonetary gifts, and emphasis on communicating the need of the district. The authors suggest several guiding principles for districts considering fundraising. Districts should be prepared to make a serious and longterm commitment, establish a clearly defined strategy, set organizational, programmatic, and administrative policies to govern fundraising, establish goals and objectives, develop and implement programs, and install a feedback mechanism. The paper concludes that more fundraising will occur in California districts if the current financial climate continues. (JM)

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FUND RAISING IN CALIFORNIA SCHOOL DISTRICTS

A DISCUSSION PAPER

by

Thomas W. Allen
K. Scott Hughes

May 1982

Peat, Marwick, Mitchell & Co.

EA 015 524

THE FIRM

Peat Marwick is a world-wide professional services firm well known for its auditing, consulting and tax services. Within the United States, Peat Marwick employs more than 1100 management consulting professionals that offer a broad range of professional services to our clients.

Years ago, Peat Marwick identified elementary and secondary education as an industry requiring specialized services. Accordingly, we formed a group of audit, tax and management consulting personnel who concentrate on serving the needs of school districts.

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Peat, Marwick, Mitchell & Co.

3 Embarcadero Center
San Francisco, CA. 94111
(415) 981-8230

225 Broadway
San Diego, CA. 92101
(714) 233-8000

130 Park Center Plaza
San Jose, CA. 95113
(408) 287-5090

555 Capitol Mall
Sacramento, CA. 95814
(916) 444-3390

555 South Flower Street
Los Angeles, CA. 90071
(213) 972-4000

4400 MacArthur Blvd.
Newport Beach, CA. 92660
(714) 851-2000

One Kaiser Plaza
Oakland, CA. 94512
(415) 465-4663

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Over the past several years, California school districts have become increasingly pinched by the financial pressures created by declining enrollments and rising costs. School closings have become common occurrences throughout the State. The struggle to balance budgets has led to program cutbacks and, in other cases, user charges for certain non-academic uses of school facilities. There is also great interest in the potential of private fund raising to supplement State revenues.

As part of a management consulting study for a medium-sized California school district, Peat, Marwick, Mitchell & Co. conducted a mail survey of California school districts to get a feel for the level of activity and success in private fund raising. The survey was not designed to develop statistically valid information; rather, it was intended to elicit general responses regarding the level of activity and the key issues in fund raising.

The purpose of this paper is to review the results of the survey and present some guiding principles that should be observed by school districts entering the fund raising arena.

SURVEY RESULTS

We received 308 responses to our survey, approximately 28% of the surveys sent. This high response rate indicates a significant amount of activity and interest in this area. Responses to the survey provided interesting answers to these questions:

- Have many districts started fund raising programs?
- How much money have they been able to raise?
- Have they set up not-for-profit foundations to undertake fund raising activities?
- Did they indicate any "keys to success" that might be helpful to other districts?

Each of these questions is discussed below.

Have Many Districts Started Fund Raising Programs?

Our survey indicated that there is a significant number of fund raising programs currently operational or in the planning stages. We found that 123 (or 61%) of our responding districts either have programs in place or are planning programs.

How Much Money Have They Raised?

Sixty-six districts (including nine community college districts) provided us with summary financial results for the past four years. The total amounts raised by these districts during the most recent four years were:

1978-79	$ 480,000
1979-80	538,000
1980-81	2,079,000
1981-82	2,654,000

We found that only six of the responding districts reported fund raising revenues of more than $100,000 in 1981-82. Six districts raised between $50,000-100,000 and eight raised between $20,000-50,000. The majority of the reporting districts raised less than $20,000.

These numbers suggest that fund raising programs to date have yielded only modest revenues to the districts. However, the upward trend has been dramatic. The figure for fiscal year 1981-82 represents results for about the first ten months, so the final amount could be higher. Also, fund-raising is a relatively new phenomenon for State-supported school districts, so neither the districts nor the donors have much experience with the concept of this type of giving.

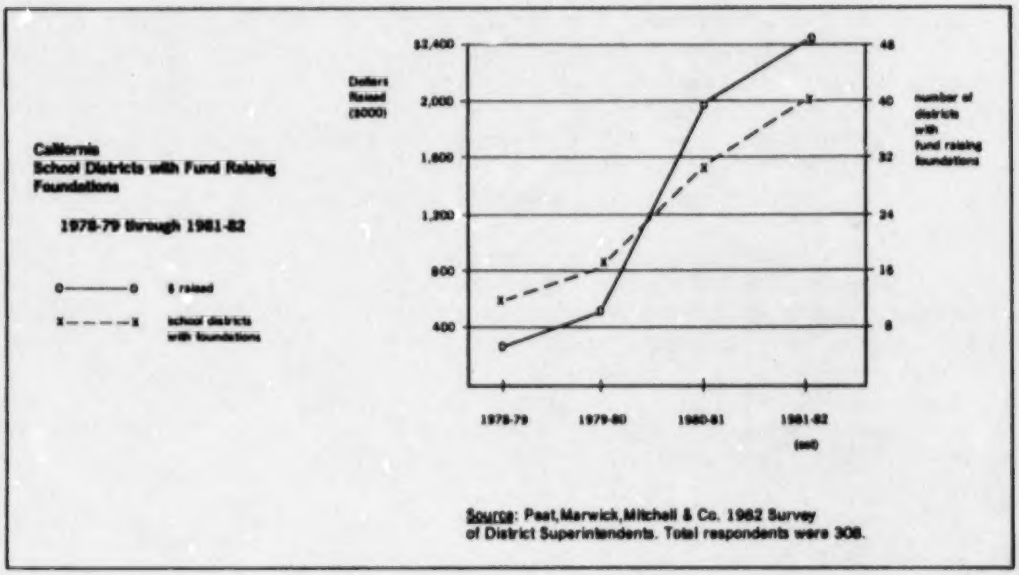
Have They Set Up Not-For-Profit Foundations to Conduct The Fund Raising?

Many of the districts that have established programs have set up foundations to handle the task. Of the 66 school districts (including nine community colleges) that reported financial results, well over half (40) have established foundations.

The results of the survey show that the districts with foundations were significantly more successful in fund raising. Here is the average amount raised for each type of district in 1981-82:

Foundation Established?	Number of Districts	Average Amount Raised
Yes	40	$ 60,952
No	26	7,540

The recent growth and apparent success of foundations is dramatic. The accompanying graph shows that the number of foundations for districts responding to our survey has increased from 13 to 40 in the period 1978-79 to 1981-82. The amount raised by those foundations has risen from $282,000 in 1978-79 to more than an estimated $2.4 million in 1981-82.



Source: Peat,Marwick,Mitchell & Co. 1982 Survey of District Superintendents. Total respondents were 308.

There are several reasons why a foundation may be helpful in achieving fund raising results. The foundation structure is separate from the governing structure of the school district, which gives it the ability to independently argue the financial case for the district. The foundation structure is a time-tested vehicle for mobilizing community support and providing a forum for active participation. And, of course, it signals a commitment to an active program that can appeal to potential donors.

Did the Districts Share Any "Keys to Success?"

The comments we received had several common themes.

One theme is the advisability of establishing a not-for-profit foundation to undertake the fund raising program. Several districts commented on the need to make the leadership of the foundation independent of the school board. There are several sound arguments for independence, such as:

- An independently governed foundation can be helpful in seeking broad community support.
- An independent foundation may have more credibility than the district board in arguing for its financial needs.
- An independent foundation can seek the leadership skills of people from different professions to supplement the skills resident in the district.

A second theme concerns the design of the fund raising program. Several districts commented that the program should seek a blend of general support and specific program support. One district calls it an "Adopt-a-Program" approach, and seeks sponsors for programs such as the golf team, the biology department, or other academic or athletic units. This approach has obvious benefits to the donor, who may restrict the ultimate use of the money and may acquire favorable exposure or publicity for his or her business or activity.

A third recurring theme is that the fund raising program should seek nonmonetary gifts in addition to gifts of cash or securities. Several districts reported success in acquiring gifts of computers, musical instruments and vehicles, as well as gifts of labor and professional time.

Another thought stressed by several districts is that communication of the need of the district is of utmost importance.

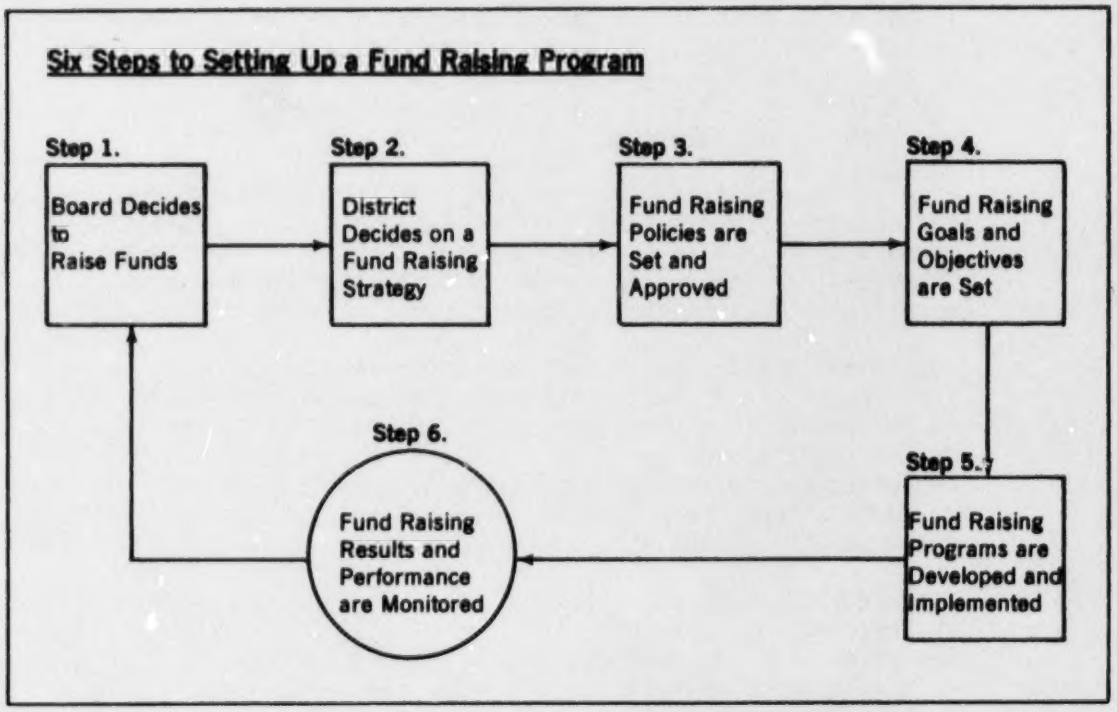
GUIDING PRINCIPLES

The results of this brief survey, combined with our Firm's knowledge of California school districts and our experience in assisting non-profit organizations with their fund raising programs, lead us to offer some "guiding principles" for districts considering fund raising. These principles may not be applicable to every district, but they should be helpful to most districts that have little or no experience in this area. They are stated as "rules" for purposes of clear communication and are illustrated in the accompanying diagram.

1. Make an informed decision

   No district should undertake a fund raising program because "it seemed like a good idea at the time". Any attempt to raise funds will require effort and time, and no time should be spent unless the district is willing to make a conscious and serious long-term commitment. Before deciding to embark on a fund raising program, the district should ask and answer the following types of questions:

   - Do we have a financial need that should be addressed in this way?
   - Is fund raising an appropriate and legitimate activity that we should endorse?
   - Does our community have the financial resources to make a fund raising program worthwhile?
   - Can we afford the significant time commitment to develop a successful program?


Six Steps to Setting Up a Fund Raising Program
Step 1.
Board Decides to Raise Funds
Step 2.
District Decides on a Fund Raising Strategy
Step 3.
Fund Raising Policies are Set and Approved
Step 4.
Fund Raising Goals and Objectives are Set
Step 5.
Fund Raising Programs are Developed and Implemented
Step 6.
Fund Raising Results and Performance are Monitored

2. Establish a strategy

Once the decision to go forward has been made, the board should turn its attention to establishing a strategy for the district. The overall strategy may be expressed in one or more statements that define the type of program the district intends to operate. One such strategy statement may be:

> "Pursue an aggressive, growth-oriented fund raising program, maximizing support in cash and in-kind contributions from all segments of the community, through highly visible activities that communicate and promote the district's interests."

Of course, some districts may elect to undertake low-profile, limited-scope programs that focus on specific activities such as sports, fine arts and the like. The important thing is that the strategy should be consciously selected and clearly stated by the board.

3. Set policies

The district board's job is not finished when the strategy is defined. It is also important that the board set the broad policies that will govern the fund raising activities. The most important policies are organizational, programmatic and administrative.

From an organizational perspective, the single most important policy is whether or not to establish a not-for-profit foundation to manage the fund raising. For several reasons discussed earlier in this paper, a foundation may be an excellent structure for California school districts.

Programmatic policy-setting entails decisions regarding the type of gifts to be solicited, the "market segments" to be approached for gifts, and the themes to be pursued in the fund raising campaign. Policies must be set regarding the relative desirability of activities such as phone-athons, mail appeals, personal solicitation, deferred giving, and the use of volunteers.

Administrative policies involve, among other things, determining how to support the fund raising activities. One or more staff positions must be funded and administrative support (e.g., gift and donor record-keeping) must be provided.

4. Establish goals and objectives

Effective programs will be guided by specific goals and objectives that are derived from the broad policies. Realistic objectives must be set, both in terms of dollars raised and non-monetary performance areas such as number of calls, attendance at activities, and the like. The board should approve the specific goals and objectives, even if developed by district staff or consultants.

5. Develop and implement programs

Steps 1 through 4 should be accomplished before significant effort is expended on program development and execution. Once the strategic planning is complete, detailed program plans and time-phased calendars of tasks and events should be prepared. The right mix of skills must be assigned to undertake the programs.

6. Install a feedback mechanism

Finally, districts must take care to establish a mechanism for feedback of program results. Timely management reports are required to enable the district to refine its policies,

goals, objectives and programs. The information feedback loop can only be achieved if the relevant information is captured, aggregated, formatted and reported to district management and the board on a timely basis.

These principles provide a framework that California school districts should consider following if they want to explore, and perhaps undertake, private fund raising.

CONCLUSION

Our survey and our involvement with school districts provide a very clear signal that fund raising is on the rise in California school districts. Many districts have successful programs, and many other districts are actively considering undertaking programs. While the results to date have been modest in terms of dollars raised, there is clearly a significant untapped potential. No doubt, the appropriateness of fund raising by school districts will remain a hotly debated topic. But it also seems clear that more, not less, fund raising will be undertaken if the current environment continues.

Tips on Fund Raising for California School Districts

Here are several "do's" and "don'ts" California school districts should consider when studying whether to start a fund raising program.

do's

- Decide in advance if a fund raising program is right for your district.
- Decide in advance what your fund raising strategy will be.
- Try to determine your realistic fund raising potential.
- Make the fund raising effort a broad-based community action program.
- Establish a structure with board-approved policies and procedures, and assign staff to operate the fund raising program.

don'ts

- Do not start fund raising activities without a plan.
- Do not delegate responsibility to a single individual who has no prior fund raising experience.
- Do not start fund raising activities until you have obtained board approval.
- Do not expect immediate large-scale success. Fund raising results take time and a lot of hard work.